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Message Text

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ACTION SCI-06

INFO OCT-01 EUR-25 IO-14 ISO-00 AEC-11 AECE-00 ACDA-19

CIAE-00 INR-10 L-03 NSAE-00 NSC-10 RSC-01 FEA-02

DODE-00 PM-07 H-03 PA-04 PRS-01 SPC-03 SS-20 USIA-15

EB-11 INT-08 OMB-01 TRSE-00 DRC-01 COME-00 /176 W
---------- 075928
P R 241448Z JAN 74
FM AMEMBASSY PARIS
TO SECSTATE WASHDC PRIORITY 6309
INFO AMEMBASSY BERN
AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY LONDON
AMEMBASSY MADRID
AMEMBASSY OTTAWA
AMEMBASSY ROME
AMEMBASSY STOCKHOLM
AMEMBASSY THE HAGUE
USMISSION EC BRUSSELS UNN
USMISSION IAEA VIENNA

C O N F I D E N T I A L SECTION 1 OF 2 PARIS 2080

DEPT PASS AEC, E/TIEP FOR SCI

E.O. 11652: DGS
TAGS: TECH, TGEN
SUBJECT: ENERGY: POSSIBILITIES OF US -EUROPEAN COOPERATION IN
URANIUM ENRICHMENT

REF: A. PARIS 31275 B. WEBBER-MALLOY TELECON JAN 20, 1974

SUMMARY: AUTHORITATIVE SOURCES IN CEA AND OPEN THINK THAT TIME IS
PAST FOR SUBSTANTIAL TECHNOLOGICAL COOPERATION BETWEEN US
AND EURODIF. A SIMILAR PESSIMISTIC CONCLUSION IS REPORTEDLY
HELD BY NEW GOF ENERGY CHIEF. NEVERTHELESS A BROADER INTERNATIONAL
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COOPERATIVE EFFORT IN SECURING A RELIABLE WORLD SUPPLY OF

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ENRICHED URANIUM STILL REMAINS AN ATTRACTIVE POSSIBILITY
PARTICULARLY TO THE EUROPEAN UTILITIES. END SUMMARY.

1. JEAN COATES, ASSISTANT FOR NUCLEAR FUELS TO THE DIRECTOR OF
INDUSTRIAL NUCLEAR APPLICATIONS OF THE COMMISSARIAT A L'ENERGIE
ATOMIQUE (CEA) TOLD SCIATT DURING A LUNCHEON MEETING THAT THE
CEA DOES NOT NOW FAVOR US - EURODIF TECHNICAL COOPERATION.
OF LATE, COATES HAS BEEN WORKING NEAR FULL TIME ON EURODIF,
AND IS SECOND TO MICHEL PECQUER IN CEA'S LIAISON WITH EURODIF.
HE HAS 17 YEARS OF EXPERIENCE ON ENRICHMENT, MOSTLY TECHNICAL
WORK AT PIERRELATTE. AN OFFICIAL OF CEA INTERNATIONAL OFFICE
WAS ALSO PRESENT DURING THE DISCUSSION.

2. COATES BASED HIS CONCLUSION THAT THERE IS LITTLE CHANCE FOR
SUBSTANTIAL TECHNOLOGICAL COOPERATION BETWEEN EURODIF AND THE
U.S. ON TTE TECHNICAL ARGUMENT THAT IT IS TOO LATE TO CHANGE
EURODIF'S ENGINEERING PLANS. FOR EXAMPLE, SUBSTANTIAL MODIFICATION
TO BARRIER TECHNOLOGY WOULD REQUIRE MODIFICATIONS IN OTHER
ELEMENTS OF THE PROPOSED PLANT. PARTLY AS A RESULT OF ENERGY
CRISIS EURODIF IS SHOWING SURPRISING ECONOMIC STRENGTH IN
SECURING ORDERS AND INTERESTING FINANCIAL SUPPORT. HE SAID
EURODIF HAS TO GET MOVING TO SATISFY ITS ORDERS. COATES FELT
THAT ANY TECHNICAL COOPERATION WOULD DEMAND AT LEAST ONE YAR
OF NEGOTIATIONS, AN UNACCEPTABLE DELAY FOR EURODIF AT THIS
POINT. HE RECOGNIZED THAT OTHER EURODIF GOVERNMENTS MIGHT
WELCOME US COOPERATION AND THAT CERTAIN GOF OFFICIALS MAY HAVE
SUPPORTED COOPERATION. HOWEVER, COATES COMMENTED, THESE
FRENCH OFFICIALS WORK ON A POLITICAL LEVEL AND DID NOT UNDER-
STAND THE TECHNOLOGICAL LIMITATIONS. EVEN THE CEA ONCE THOUGHT
IT COULD SAVE MONEY BY BUYING US EQUIPMENT AND COMPONENTS.
HOWEVER, A CEA SURVEY SHOWED THAT SOME US MANUFACTURERS
HAD STOPPED PRODUCING MANY OF THE COMPONENTS SINCE COMPLETION
OF US ENRICHMENT PLANTS IN THE 1950'S AND FURTHERMORE THAT
EQUIPMENT FOR THE ONGOING US PROGRAM TO UPGRADE ITS ENRICHMENT
PLANTS WAS CLASSIFIED HENCE UNAVAILABLE. ALSO, THE COMPARATIVE
COST ADVANTAGES OF THE US PRODUCTS HAS BEEN LESSENED BY
THE DOLLAR'S RESURGENCE.

3. ON JANUARY 21 MANAGER OF OPEN (ORGANIZATION OF NUCLEAR POWER
PRODUCERS) PIERRE WYART SAID TO SCIATT THAT "TIME HAS PASSED"
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FOR ESTABLISHING US - EURODIF TECHNOLOGICAL COOPERATION.
WYART HAS BEEN OPEN'S SPOKESMAN DURING ITS EXCHANGE OF CABLES
WITH THE AEC ON US -EURODIF COOPERATION. HE HAS JUST RETIRED
FROM THE EDF AND IS CONSULTANT FOR EDF, A SWISS MANUFACTURER
AND FINAG, A BANKING CONSORTIUM.

4. WYART EXPLAINED THAT ORIGINALLY THE ELECTRICAL UTILITIES IN
OPEN WANTED US COOPERATION 1) TO OPTIMIZE EURODIF'S TECHNOLOGY,

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HENCE ITS EFFICIENCY AND RELIABILITY, AND 2) TO ASSURE A BROADER-BASED, RELIABLE SUPPLY. HOWEVER, HE SAID, THE USAEC REFUSAL TO GRANT A POSTPONEMENT TO ITS DECEMBER 31, 1973 DEADLINE DISCOURAGED OPEN'S HOPE FOR US - EURODIF COOPERATION. WYART WAS UNEQUIVOCAL IN ASSERTING THAT AEC'S INABILITY TO GRANT THE POSTPONEMENT WAS THE TURNING POINT IN CONVINCING THE UTILITIES THAT US WAS NOT STRONGLY INTERESTED IN COOPERATION WITH EURODIF. HE CONTINUED THAT AT OPEN MEETING JANUARY 14 "THE MAJORITY" OF THE MEMBERS WERE NO LONGER IN FAVOR OF TECHNOLOGICAL COOPERATION.

5. NEVERTHELESS, WYART EMPHASIZED, THE EUROPEAN ELECTRICAL UTILITIES ARE STILL HOPING FOR A BROADER LONG-TERM INTERNATIONAL COOPERATION TO SECURE RELIABLE SUPPLIES OF ENRICHED URANIUM. ALL ALONG, HE SAID, THIS WAS OPEN'S MAJOR GOAL, US - EURODIF TECHNICAL COOPERATION BEING ONLY A RELATIVELY SHORT-TERM ASPECT OF THE LARGER NEED. HE SAW THIS LONG-TERM COOPERATION TAKING THE FORM OF CONTRACT SHARING, BACK-UP AGREEMENTS IN CASE OF SHORTFALLS IN PRODUCTION, AND, WITH THE PROMPTING OF SCIATT, IN ENRICHMENT PLANT CONSTRUCTION PLANNING.

6. IN STRICTEST CONFIDENCE WYART ALLOWED SCIATT TO READ A COPY OF THE EURODIF REPLY TO THE LETTER FROM OPEN CALLING ON US AND EURODIF TO DISCUSS COOPERATION (SIMILAR IN CONTENT TO WYART LETTER OF DECEMBER 3 TO AEC). IN IT, EURODIF MADE TWO KEY POINTS. FIRST, IN ANY TALKS WITH THE USAEC, EURODIF SHOULD REPRESENT THE EUROPEANS. SECOND, TALKS WERE POSSIBLE ONLY IF THE US WERE WILLING TO CHANGE THE 1971 TERMS ON COOPERATION.

7. US BUSINESSMAN PAUL LOCHAK, WHO WAS PRESENT IN MEETING WITH WYART, TOLD SCIATT THAT HE HAD MET WITH JEAN BLANCARD, GOF'S NEW ENERGY DIRECTOR, WHO, HE SAID, IS SIMILARLY PESSIMISTIC ABOUT THE POSSIBILITY OF US - EUROPEAN TECHNOLOGICAL
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CORPORATION. BLANCARD, WHO HAS JUST LEFT THE DEFENSE MINISTRY, TOLD LOCHAK THAT THE US INTENDS TO MAINTAIN ITS TECHNOLOGICAL GAP, GIVING AS AN EXAMPLE US RELUCTANCE TO SHARE ITS TECHNOLOGY ON JET AIRCRAFT MOTORS. SCIATT PROTESTED THAT IT WAS IN THIS VERY AREA THAT THE US HAD RECENTLY AGREED TO A MAJOR, AND FOR THE FUTURE OF FRENCH AIRCRAFT INDUSTRY, EXTREMELY IMPORTANT COOPERATION BETWEEN GE AND SNECMA.

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C O N I D E N T I A L SECTION 2 OF 2 PARIS 2080

8. COMMENT: WITH THE PROVISO THAT THE GOF HAS NOT YET REVEALED ITS OFFICIAL ATTITUDE TOWARD COOPERATION IN ENRICHMENT, WE READ THE PRESENT SITUATION AS FOLLOWS. FIRST, THERE IS LITTLE SUPPORT AT PRESENT ITHIN THE GOF FOR US - EURODIF TECHNOLOGICAL COOPERAATION. THE CEA, WHICH HAS THE ACTION, DOES NOT WANT TO RISK DELAYS NOR SHARE TECHNOLOGICAL LEADERSHIP WITH THE US. THE CEA APPEARS TO HAVE CONVINCED ITSELF, AND MOST OBSERVERS IN PARIS, E.G. OUR PRESS CONTACTSN THAT EURODIF WILL BE A TECHNOLOGICAL AND COMMERICAL SUCCESS. SECOND, OTHER EURODIF GOVERNMENTS, HOWEVER, APPEAR TO FEEL SAFER WITH US PARTICIPATION BOTH TO OPTIMIZE TECHNOLOGICAL DEVELOPMENT AND TO OFFSET THE PREPONDERANCE OF THE FRENCH IN EURODIF.THIRD, THE FRENCH MAY PERHAPS ACCEDE TO THE WISHES OF THEIR PARTNERS FOR
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DISCUSSIONS WITH THE AEC BUT WILL ENDEAVOR TO CONTROL THE EUROPEAN SIDE IF NEGOTIATIONS ENSUE. FOURTH, IF THERE IS NOT

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VERY STRONG SUPPORT FOR US - EURODIF TECHNOLOGICAL COOPERATION
WITHIN THEEUROPEAN UTILITIES GROUP, AS WYART INDICATES,
AND WITHIN THE GOF ENERGY PLANNING STRUCTURE, AS LOCHARK
INDICATES, THEN WE THINK TTAT THE CEA WILL PREVAIL WITHIN
EURODIF. FIFTH, EVEN IF THE TIME HAS PASSED FOR US -EURODIF
TECHNOLOGICAL COOPERATION IN THE PRESENT PHAE OF DEVELOPMENT,
THE POSSIBILITY REMAINS OF A BROADER INTERNATIONAL COOPERATION
(REF A PARA 1) IN PLANNING AND ENSURING THE STABILITY OF
THE ENRICHED URANIUM SUPPLY. SUCH AS THE SECRETARY SUGGESTED
IN HIS LONDON SPEECH AS A POSSIBLE TASK FOR THE ENERGY ACTION
GROUP.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: URANIUM, NUCLEAR POWER PLANTS, NUCLEAR FUELS, FISSIONABLE MATERIALS, FOREIGN POLICY POSITION
Control Number: n/a
Copy: SINGLE
Draft Date: 24 JAN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974PARIS02080
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: n/a
From: PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740119/aaaaaqzi.tel
Line Count: 235
Locator: TEXT ON-LINE
Office: ACTION SCI
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: A. PARIS 31275 B. WEBBER-MALLOY TELE, CON JAN 20, 1974
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 19 MAR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <19 MAR 2002 by worrelsw>; APPROVED <12 APR 2002 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ENERGY: POSSIBILITIES OF US -EUROPEAN COOPERATION IN URANIUM ENRICHMENT
TAGS: TECH, TGEN, XG, US, FR
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

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